

REPUBLIC SERVICES, INC.

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

REPUBLIC SERVICES, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS
(in millions, except share data)

	June 30, 2002 ----- (Unaudited)	December 31, 2001 -----
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 110.4	\$ 16.1
Accounts receivable, less allowance for doubtful accounts of \$19.8 and \$19.0, respectively	246.0	232.9
Prepaid expenses and other current assets	75.7	75.8
	-----	-----
Total Current Assets	432.1	324.8
RESTRICTED CASH	147.5	142.3
PROPERTY AND EQUIPMENT, NET	1,781.8	1,774.9
INTANGIBLE ASSETS, NET	1,553.4	1,551.6
OTHER ASSETS	69.4	62.7
	-----	-----
	\$ 3,984.2	\$ 3,856.3
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 76.2	\$ 90.2
Accrued liabilities	134.7	111.3
Amounts due to former owners	3.4	6.0
Deferred revenue	78.6	72.8
Notes payable and current maturities of long-term debt	3.5	33.6
Other current liabilities	116.0	72.5
	-----	-----
Total Current Liabilities	412.4	386.4
LONG-TERM DEBT, NET OF CURRENT MATURITIES	1,361.7	1,334.1
ACCRUED ENVIRONMENTAL AND LANDFILL COSTS	231.7	219.4
DEFERRED INCOME TAXES	140.6	118.7
OTHER LIABILITIES	45.1	41.8
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY:		
Preferred stock, par value \$.01 per share; 50,000,000 shares authorized; none issued	--	--
Common stock, par value \$.01 per share; 750,000,000 shares authorized; 179,549,894 and 178,858,274 issued, including shares held in treasury, respectively	1.8	1.8
Additional paid-in capital	1,276.9	1,264.7
Retained earnings	757.0	641.1
Treasury stock, at cost (14,215,700 and 9,213,600 shares, respectively)	(242.8)	(150.1)
Accumulated other comprehensive loss, net of tax	(.2)	(1.6)
	-----	-----
Total Stockholders' Equity	1,792.7	1,755.9
	-----	-----
	\$ 3,984.2	\$ 3,856.3
	=====	=====

The accompanying notes are an integral part of these statements.

REPUBLIC SERVICES, INC.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(IN MILLIONS, EXCEPT PER SHARE DATA)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2002	2001	2002	2001
REVENUE	\$ 598.2	\$ 576.0	\$ 1,150.1	\$ 1,111.4
EXPENSES:				
Cost of operations	371.5	354.5	713.5	684.2
Depreciation, amortization and depletion	49.4	53.9	93.8	104.2
Selling, general and administrative	61.0	55.8	119.6	112.3
OPERATING INCOME	116.3	111.8	223.2	210.7
INTEREST EXPENSE	(19.2)	(19.6)	(38.4)	(40.5)
INTEREST INCOME	1.0	.8	1.7	1.5
OTHER INCOME (EXPENSE), NET .....	.3	.7	.4	2.0
INCOME BEFORE INCOME TAXES	98.4	93.7	186.9	173.7
PROVISION FOR INCOME TAXES	37.4	35.6	71.0	66.0
NET INCOME	\$ 61.0	\$ 58.1	\$ 115.9	\$ 107.7
BASIC AND DILUTED EARNINGS PER SHARE	\$.36	\$.34	\$.69	\$.63
WEIGHTED AVERAGE COMMON AND COMMON EQUIVALENT SHARES OUTSTANDING	167.5	171.4	168.3	171.6

The accompanying notes are an integral part of these statements.

REPUBLIC SERVICES, INC.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
AND COMPREHENSIVE INCOME
(in millions)

	Common Stock		Additional Paid-in Capital	Retained Earnings	Treasury Stock	Accumu- lated Other Compre- hensive Loss	Compre- hensive Income for the Period
	Shares, Net	Par Value					
BALANCE AT DECEMBER 31, 2001	169.6	\$ 1.8	\$ 1,264.7	\$ 641.1	\$ (150.1)	\$ (1.6)	
Net income	--	--	--	115.9	--	--	\$ 115.9
Issuance of common stock .....	.7	--	12.2	--	--	--	
Purchase of common stock for treasury	(5.0)	--	--	--	(92.7)	--	
Change in value of derivative instruments, net of tax	--	--	--	--	--	1.4	1.4
BALANCE AT JUNE 30, 2002	165.3	\$ 1.8	\$ 1,276.9	\$ 757.0	\$ (242.8)	\$ (.2)	\$ 117.3

The accompanying notes are an integral part of this statement.

REPUBLIC SERVICES, INC.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in millions)

	Six Months Ended June 30,	
	2002	2001
CASH PROVIDED BY OPERATING ACTIVITIES:		
Net income	\$ 115.9	\$ 107.7
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization and depletion of property and equipment	90.2	81.8
Amortization of intangible and other assets	3.6	22.4
Deferred tax provision	21.4	14.9
Provision for doubtful accounts	6.9	7.8
Other non-cash charges	--	.4
Changes in assets and liabilities, net of effects from business acquisitions:		
Accounts receivable	(19.9)	(20.8)
Prepaid expenses and other assets .....	.6	6.8
Accounts payable and accrued liabilities	4.8	(33.7)
Other liabilities	63.5	36.5
	-----	-----
	287.0	223.8
	-----	-----
CASH USED IN INVESTING ACTIVITIES:		
Purchases of property and equipment	(105.2)	(115.7)
Proceeds from sale of property and equipment	8.2	4.8
Cash used in business acquisitions, net of cash acquired	(5.5)	(261.1)
Cash proceeds from business dispositions	5.0	4.8
Amounts due and contingent payments to former owners	(2.3)	(29.2)
Restricted cash	(5.2)	54.1
	-----	-----
	(105.0)	(342.3)
	-----	-----
CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES:		
Proceeds from notes payable and long-term debt	25.2	36.0
Payments of notes payable and long-term debt	(1.2)	(5.0)
Net (payments on) proceeds from revolving credit facility	(30.0)	130.0
Issuance of common stock	11.0	11.9
Purchases of common stock for treasury	(92.7)	(47.3)
	-----	-----
	(87.7)	125.6
	-----	-----
INCREASE IN CASH AND CASH EQUIVALENTS	94.3	7.1
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	16.1	2.0
	-----	-----
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 110.4	\$ 9.1
	=====	=====

The accompanying notes are an integral part of these statements.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(ALL TABLES IN MILLIONS, EXCEPT PER SHARE DATA)

1. BASIS OF PRESENTATION

Republic Services, Inc. (together with its subsidiaries, the "Company") is a leading provider of non-hazardous solid waste collection and disposal services in the United States.

The accompanying Unaudited Condensed Consolidated Financial Statements include the accounts of the Company and have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission. All significant intercompany accounts and transactions have been eliminated. Certain information related to the Company's organization, significant accounting policies and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States have been condensed or omitted. In the opinion of management, these Unaudited Condensed Consolidated Financial Statements reflect all material adjustments (which include only normal recurring adjustments) necessary to fairly state the financial position and the results of operations for the periods presented, and the disclosures herein are adequate to make the information presented not misleading. Operating results for interim periods are not necessarily indicative of the results that can be expected for a full year. These interim financial statements should be read in conjunction with the Company's audited Consolidated Financial Statements and notes thereto appearing in the Company's Form 10-K for the year ended December 31, 2001.

The Unaudited Condensed Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States and necessarily include amounts based on estimates and assumptions made by management. Actual results could differ from these amounts. Significant items subject to such estimates and assumptions include the depletion and amortization of landfill development costs, accruals for closure and post-closure costs, valuation allowances for accounts receivable, liabilities for potential litigation, claims and assessments, and liabilities for environmental remediation, deferred taxes and self-insurance.

During the fourth quarter of 2001, the Company recorded a charge of \$86.1 million on an after-tax basis, or \$132.0 million on a pre-tax basis, related to completed and planned divestitures and closings of certain core and non-core businesses, asset impairments, downsizing its compost, mulch and soil business and related inventory adjustments, an increase in insurance reserves and an increase in bad debt expense related to the economic slowdown. Approximately \$1.0 million of this charge related to ongoing future lease commitments and other obligations associated with planned divestitures. As of June 30, 2002, the Company was still in the process of divesting and closing certain core and non-core operations pursuant to the plan adopted by management during the fourth quarter of 2001. Management believes that the estimated charges recorded during the fourth quarter of 2001 related to its planned divestitures and closings are still appropriate.

During the three and six months ended June 30, 2002, the Company recorded unrealized gains of \$.3 million (\$.2 million, net of tax) and \$2.5 million (\$1.5 million, net of tax), respectively, relating to the change in fair value of its fuel hedge option agreements in accordance with Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("SFAS 133"), as amended. (For further information, see Note 10, Fuel Hedge.) The effective portion of the unrealized gain in the amount of \$1.4 million, net of tax, was recorded to other comprehensive income (loss) during the six months ended June 30, 2002. The Company had no other components of other comprehensive income (loss) for the periods presented.

During the first quarter of 2002, the Company adopted Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets" ("SFAS 142"). In accordance with SFAS 142, the Company ceased amortizing intangibles with indefinite lives effective January 1, 2002.

The following table summarizes the adjustments to net income and earnings per share as if SFAS 142 were adopted on January 1, 2001:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2002	2001	2002	2001
Reported net income	\$ 61.0	\$ 58.1	\$ 115.9	\$ 107.7
Goodwill amortization, net of tax	--	6.1	--	12.1
Adjusted net income	\$ 61.0	\$ 64.2	\$ 115.9	\$ 119.8
Reported basic and diluted earnings per share	\$.36	\$.34	\$.69	\$.63
Goodwill amortization, net of tax	--	.04	--	.07
Adjusted basic and diluted earnings per share	\$.36	\$.38	\$.69	\$.70

The Company adopted Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of" ("SFAS 144") as of January 1, 2002. This statement supersedes Statement No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of" ("SFAS 121") and APB Opinion No. 30, "Reporting the Results of Operations--Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions." This statement establishes a single accounting model for assets to be disposed of by sale and resolves certain SFAS 121 implementation issues. The adoption of this statement had no effect on the Company's consolidated financial position or results of operations.

2. LANDFILL AND ENVIRONMENTAL COSTS

LIFE CYCLE ACCOUNTING

The Company uses life cycle accounting and the units-of-consumption method to recognize certain landfill costs. In life cycle accounting, all costs to acquire, construct, close and maintain a site during the post-closure period are capitalized or accrued and charged to expense based upon the consumption of cubic yards of available airspace. Costs and airspace estimates are developed annually by independent engineers together with the Company's engineers. These estimates are used by the Company's operating and accounting personnel to annually adjust the Company's rates used to expense capitalized costs and accrue closure and post-closure costs. Changes in these estimates primarily relate to changes in available airspace, inflation rates and applicable regulations. Changes in available airspace include changes due to the addition of airspace lying in expansion areas deemed likely to be permitted.

TOTAL AVAILABLE DISPOSAL CAPACITY

As of June 30, 2002, the Company owned or operated 54 solid waste landfills with total available disposal capacity of approximately 1.7 billion in-place cubic yards. Total available disposal capacity represents the sum of estimated permitted airspace plus an estimate of airspace which is likely to be permitted.

LIKELY TO BE PERMITTED EXPANSION AIRSPACE

Before airspace included in an expansion area is determined as likely to be permitted and, therefore, included in the Company's calculation of total available disposal capacity, the following criteria must be met:

1. The land associated with the expansion airspace is either owned by the Company or is controlled by the Company pursuant to an option agreement;
2. The Company is committed to supporting the expansion project financially and with appropriate resources;
3. There are no identified fatal flaws or impediments associated with the project, including political impediments;

4. Progress is being made on the project;
5. The expansion is attainable within a reasonable time frame; and
6. The Company believes it is likely the expansion permit will be received.

Upon meeting the Company's expansion criteria, the rates used at each applicable landfill to expense costs to acquire, construct, close and maintain a site during the post-closure period are adjusted to include likely to be permitted airspace and all additional costs to be capitalized or accrued associated with the expansion airspace.

The Company has identified three sequential steps that landfills generally follow to obtain expansion permits. These steps are as follows:

1. Obtaining approval from local authorities;
2. Submitting a permit application with state authorities; and
3. Obtaining permit approval from state authorities.

Once a landfill meets the Company's expansion criteria, management continuously monitors each site's progress in obtaining the expansion permit. If at any point it is determined that an expansion area no longer meets the required criteria, the likely to be permitted airspace is removed from the landfill's total available capacity and the rates used at the landfill to expense costs to acquire, construct, close and maintain a site during the post-closure period are adjusted accordingly. The Company has never been denied an expansion permit for a landfill that included likely to be permitted airspace in its total available disposal capacity, although no assurances can be made that all future expansions will be permitted as designed.

CAPITALIZED LANDFILL COSTS

Capitalized landfill costs include expenditures for land, permitting costs, cell construction costs and environmental structures. Capitalized permitting and cell construction costs are limited to direct costs relating to these activities, including legal, engineering and construction associated with excavation, liners and site berms. Interest is capitalized on landfill construction projects while the assets are undergoing activities to ready them for their intended use.

Costs related to acquiring land, excluding the estimated residual value of unpermitted land, and costs related to permitting and cell construction are depleted as airspace is consumed using the units-of-consumption method. Environmental structures, which include leachate and methane collection systems, and groundwater monitoring wells, are charged to expense over the shorter of their useful life or the life of the landfill.

Capitalized landfill costs may also include an allocation of purchase price paid for landfills. For landfills purchased as part of a group of several assets, the purchase price assigned to the landfill is determined based upon the discounted future expected cash flows of the landfill relative to the other assets within the group. If the landfill meets the Company's expansion criteria, the purchase price is further allocated between permitted airspace and expansion airspace based upon the ratio of permitted versus likely to be permitted airspace to total available airspace. Landfill purchase price is amortized using the units-of-consumption method over the total available airspace including likely to be permitted airspace where appropriate.

CLOSURE AND POST-CLOSURE COSTS

Landfill site closure and post-closure costs include estimated costs to be incurred for final closure of the landfills and estimated costs for providing required post-closure monitoring and maintenance of landfills. These costs are accrued and charged to cost of operations based upon consumed airspace in relation to total available disposal capacity using the units-of-consumption method. The Company estimates future cost requirements for closure and post-closure monitoring and maintenance for its solid waste facilities based on the technical standards of the Environmental Protection Agency's Subtitle D regulations and applicable state and local regulations. These estimates do not take into account discounts for the present value of total estimated costs. Accruals for closure and post-closure costs totaled approximately \$12.2 million and \$10.1 million during the six months ended June 30, 2002 and 2001, respectively.

A number of the Company's landfills were acquired from other entities and recorded using the purchase method of accounting. Accordingly, the Company assessed and recorded a closure and post-closure liability as of the date the landfill was acquired based upon the estimated total closure and post-closure costs and the percentage of total available disposal capacity utilized as of such date. Thereafter, the difference between the closure and post-closure costs accrued and the total estimated closure and post-closure costs to be incurred are accrued and charged to expense as airspace is consumed. Estimated aggregate closure and post-closure costs will be fully accrued for the Company's landfills at the time such facilities cease to accept waste and are closed. As of June 30, 2002, assuming that all available landfill capacity is used, the Company expects to expense approximately \$539.6 million of such costs over the remaining lives of these facilities.

ENVIRONMENTAL COSTS

In the normal course of business, the Company is subject to ongoing environmental monitoring and reporting to certain regulatory agencies. Environmental costs are accrued by the Company through a charge to income in the period such liabilities become probable and can be reasonably estimated. No material amounts were charged to expense during the six months ended June 30, 2002 and 2001.

3. PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost. Expenditures for major additions and improvements are capitalized, while maintenance and repairs are charged to expense as incurred. Expenditures for rebuilding certain heavy equipment are capitalized if the annual adjusted depreciation expense after the rebuild is not in excess of annual depreciation expense on a new piece of similar equipment and certain other criteria are met. Rebuilds for heavy equipment not meeting this criteria and rebuilds on the Company's vehicles are charged to expense as incurred. When property is retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in the Unaudited Condensed Consolidated Statements of Operations.

The Company revises the estimated useful lives of property and equipment acquired through business acquisitions to conform with its policies regarding property and equipment. Depreciation is provided over the estimated useful lives of the assets involved using the straight-line method. The estimated useful lives are twenty to forty years for buildings and improvements, five to ten years for vehicles, seven to ten years for most landfill equipment, five to fifteen years for all other equipment, and five to ten years for furniture and fixtures.

Landfills and landfill improvements are stated at cost and include direct costs incurred to obtain a landfill permit and direct costs incurred to construct and develop the site. These costs are depleted based on consumed airspace. All indirect landfill development costs are expensed as incurred. (For further information, see Note 2, Landfill and Environmental Costs.)

The Company capitalizes interest on landfill cell construction and other construction projects in accordance with Statement of Financial Accounting Standards No. 34, "Capitalization of Interest Cost." Construction projects must meet the following criteria before interest is capitalized:

1. Total construction costs are \$50,000 or greater,
2. The construction phase is one month or longer, and
3. The assets have a useful life of one year or longer.

Interest is capitalized on qualified assets while they undergo activities to ready them for their intended use. Capitalization of interest ceases once an asset is placed into service or if construction activity is suspended for more than a brief period of time. The interest capitalization rate is based upon the Company's weighted average cost of indebtedness. Interest capitalized was \$1.0 million and \$1.1 million for the six months ended June 30, 2002 and 2001, respectively.

A summary of property and equipment is as follows:

	June 30, 2002	December 31, 2001
	-----	-----
Other land	\$ 94.6	\$ 94.3
Non-depletable landfill land	52.2	50.5
Landfill development costs	977.1	958.8
Vehicles and equipment	1,226.7	1,153.2
Buildings and improvements	265.2	256.4
Construction-in-progress-landfill	23.8	17.6
Construction-in-progress-other	2.2	23.5
	-----	-----
	2,641.8	2,554.3
	-----	-----
Less: Accumulated depreciation, depletion and amortization--		
Landfill development costs	(268.3)	(237.0)
Vehicles and equipment	(540.7)	(495.7)
Building and improvements	(51.0)	(46.7)
	-----	-----
	(860.0)	(779.4)
	-----	-----
Property and equipment, net	\$ 1,781.8	\$ 1,774.9
	=====	=====

The Company periodically evaluates whether events and circumstances have occurred that may warrant revision of the estimated useful life of property and equipment or whether the remaining balance of property and equipment should be evaluated for possible impairment. The Company uses an estimate of the related undiscounted cash flows over the remaining life of the property and equipment in assessing their recoverability. The Company measures impairment loss as the amount by which the carrying amount of the asset exceeds the fair value of the asset.

4. BUSINESS COMBINATIONS

The Company uses the purchase method of accounting to account for business acquisitions. The Company acquired various solid waste businesses during the six months ended June 30, 2002 and 2001. The aggregate purchase price paid by the Company in these transactions was \$5.5 million and \$266.4 million in cash, respectively.

During the six months ended June 30, 2001, \$65.7 million of the total purchase price paid for acquisitions and contingent payments to former owners was allocated to landfill airspace. These allocations were based on the discounted expected future cash flow of each landfill relative to other assets within the acquired group, if applicable, and were adjusted for other non-depletable landfill assets and liabilities acquired (primarily closure and post-closure liabilities). Landfill purchase price is amortized using the units-of-consumption method over total available airspace, which includes likely to be permitted airspace where appropriate.

The following summarizes the preliminary purchase price allocations for business combinations accounted for under the purchase method of accounting consummated during the periods presented:

	Six Months Ended June 30,	
	2002	2001
Property and equipment	\$1.0	\$100.0
Cost in excess of net assets acquired	7.6	190.4
Restricted cash	--	61.9
Debt assumed	--	(28.1)
Other liabilities	--	(58.7)
Working capital deficit	(3.1)	(4.4)
Cash used in acquisitions, net of cash acquired	\$5.5	\$261.1

5. INTANGIBLE AND OTHER ASSETS

Intangible and other assets consist primarily of the cost of acquired businesses in excess of the fair value of net assets acquired ("goodwill") and other intangible assets. Other intangible assets include values assigned to long-term contracts and covenants not to compete and are amortized generally over periods ranging from 3 to 25 years.

The following table summarizes the activity in the intangible asset and related accumulated amortization accounts for the six months ended June 30, 2002:

	Gross Intangible Assets		
	Goodwill	Other	Total
Balance, December 31, 2001	\$ 1,669.6	\$ 49.2	\$ 1,718.8
Acquisitions	7.6	--	7.6
Other additions	--	.6	.6
Divestitures	(3.8)	--	(3.8)
Retirements	--	(4.6)	(4.6)
Balance, June 30, 2002 ...	\$ 1,673.4	\$ 45.2	\$ 1,718.6

	Accumulated Amortization		
	Goodwill	Other	Total
Balance, December 31, 2001	\$ (147.1)	\$ (20.1)	\$ (167.2)
Amortization expense ...	--	(2.8)	(2.8)
Divestitures .....	.2	--	.2
Retirements	--	4.6	4.6
Balance, June 30, 2002 ...	\$ (146.9)	\$ (18.3)	\$ (165.2)

During the first quarter of 2002, the Company adopted Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets" ("SFAS 142"). In accordance with SFAS 142, the Company ceased amortizing intangibles with indefinite lives effective January 1, 2002.

SFAS 142 requires the Company upon its adoption and at least annually thereafter to reassess the value of, and useful lives assigned to, intangible assets including goodwill to determine whether the value of one or more intangible assets is impaired. The first step of this impairment test requires the Company to determine the fair value of the reporting unit, as defined by SFAS 142, and compare it to the carrying value of the net assets allocated to the reporting unit. If this fair value exceeds the carrying value, no further analysis is required. If fair value of the reporting unit is less than the carrying value of the net assets, the Company must perform step two of the impairment test, which requires the Company to allocate the implied fair value of the reporting unit to all underlying assets and liabilities, including both recognized and unrecognized tangible and intangible assets, based on their fair value. Impairment charges resulting from the application of this test would be immediately recorded as a charge to earnings in the Company's statements of operations.

During the three months ended March 31, 2002, the Company completed its impairment test in accordance with SFAS 142 and determined that the fair value of its reporting unit significantly exceeds its carrying value. As a result, no impairment charge was required.

6. NOTES PAYABLE AND LONG-TERM DEBT

Notes payable and long-term debt consist of the following:

	June 30, 2002 -----	December 31, 2001 -----
\$225.0 million unsecured notes, net of unamortized discount of \$.5 million, and including \$3.2 million and (\$.2) million adjustments to fair market value, respectively; interest payable semi-annually in May and November at 6 5/8%; principal due at maturity in 2004	\$ 227.7	\$ 224.3
\$375.0 million unsecured notes, net of unamortized discount of \$.4 million and \$.5 million; interest payable semi-annually in May and November at 7 1/8%; principal due at maturity in 2009	374.6	374.5
\$450.0 million unsecured notes, net of unamortized discount of \$2.5 million and \$2.6 million; interest payable semi-annually in February and August at 6 3/4%; principal due at maturity in 2011	447.5	447.4
\$750.0 million unsecured revolving credit facility; interest payable using LIBOR-based rates; \$300.0 million matures July 2002 and \$450.0 million matures 2003	--	--
Tax-exempt bonds and other tax-exempt financing; interest rates that float based on prevailing market rates	307.6	283.2
Other debt; unsecured and secured by real property, equipment and other assets	7.8	38.3
	-----	-----
	1,365.2	1,367.7
Less: Current portion	(3.5)	(33.6)
	-----	-----
	\$ 1,361.7	\$ 1,334.1
	=====	=====

In February 2002, the Company reduced the short- and long-term portions of its revolving credit facility to \$300.0 million and \$450.0 million, respectively. As of June 30, 2002, the Company had \$461.2 million of availability under its revolving credit facility. In July 2002, the Company renewed the short- and long-term portions of its revolving credit facility on substantially the same terms and conditions. The short-term portion of the facility expires in July 2003 and the long-term portion expires in July 2007.

As of June 30, 2002, the Company had \$147.5 million of restricted cash, of which \$115.3 million were proceeds from the issuance of tax-exempt bonds and other tax-exempt financing that will be used to fund capital expenditures. Restricted cash also includes amounts held in trust as a guarantee of the Company's performance.

Interest expense paid was \$38.4 million (net of \$1.0 million of capitalized interest) and \$48.8 million (net of \$1.1 million of capitalized interest) for the six months ended June 30, 2002 and 2001, respectively. The Company's ability to obtain financing through the capital markets is a key component of its financial strategy. Historically, the Company has managed risk associated with executing this strategy, particularly as it relates to fluctuations in interest rates, by using a combination of fixed and floating rate debt. During 2001, the Company also entered into interest rate swap agreements to manage risk associated with fluctuations in interest rates and to take advantage of favorable floating interest rates. The swap agreements have a total notional value of \$225.0 million and mature in 2004, coterminous with the Company's public notes that were sold in 1999. Under the swap agreements, the Company pays interest at floating rates based on changes in LIBOR and receives interest at a fixed rate of 6 5/8%. The Company has designated these agreements as hedges in changes in the fair value of the Company's fixed-rate debt and accounts for them in accordance with SFAS 133.

As of June 30, 2002, interest rate swap agreements are reflected at fair market value of \$3.2 million and are included in other assets and as an adjustment to long-term debt in the accompanying Unaudited Condensed Consolidated Balance Sheets. During the three and six months ended June 30, 2002, the Company recorded net interest income of \$1.3 million and \$2.6 million, respectively, related to its interest rate swap agreements which is included in interest expense in the accompanying Unaudited Condensed Consolidated Statements of Operations.

7. INCOME TAXES

Income taxes have been provided for the six months ended June 30, 2002 and 2001 based upon the Company's anticipated annual effective income tax rate of 38.0%. Income taxes paid were \$6.5 million and \$17.8 million for the six months ended June 30, 2002 and 2001, respectively.

8. STOCK OPTIONS

In July 1998, the Company adopted the 1998 Stock Incentive Plan ("Stock Incentive Plan") to provide for grants of options to purchase shares of common stock to employees, non-employee directors and independent contractors of the Company who are eligible to participate in the Stock Incentive Plan. Options granted under the Stock Incentive Plan are non-qualified and are granted at a price equal to the fair market value of the Company's common stock at the date of grant. Generally, options granted have a term of ten years from the date of grant and vest in increments of 25% per year over a four year period beginning on the first anniversary date of the grant. Options granted to non-employee directors have a term of ten years and are fully vested at the grant date.

In May 2002, the Company's stockholders approved and adopted an amendment and restatement of the Stock Incentive Plan, which modified a number of its provisions, including an increase in the number of shares of common stock reserved for issuance under the Stock Incentive Plan from 20.0 million to 27.0 million. As of June 30, 2002, 9.3 million options remain available for future grants.

A summary of stock option transactions for the six months ended June 30, 2002 is as follows:

	Shares	Weighted-Average Exercise Price
	----	-----
Options outstanding at beginning of year	12.4	\$ 16.22
Granted	2.2	17.40
Exercised	(.7)	15.96
Cancelled	(.1)	15.83
	----	-----
Options outstanding at June 30, 2002 ...	13.8	\$ 16.42
	=====	=====
Options exercisable at June 30, 2002 ...	8.1	\$ 17.03
	=====	=====

9. STOCKHOLDERS' EQUITY AND EARNINGS PER SHARE

During 2000, the Company announced that its Board of Directors authorized the repurchase of up to \$150.0 million of its common stock. In October 2001, the Company announced that its Board of Directors authorized the repurchase of up to an additional \$125.0 million of its common stock. As of June 30, 2002, the Company had repurchased 14,215,700 million shares of its stock for \$242.8 million, of which 5,002,100 million shares were acquired during the six months ended June 30, 2002 for \$92.7 million. In August 2002, the Company announced that its Board of Directors increased the share repurchase authorization previously announced in October 2001 from \$125.0 million to \$150.0 million.

Basic earnings per share is computed by dividing net income by the weighted average number of common shares outstanding during the period. Diluted earnings per share is based on the combined weighted average number of common shares and common share equivalents outstanding which include, where appropriate, the assumed exercise of employee stock options. In computing diluted earnings per share, the Company utilizes the treasury stock method.

Earnings per share for the three and six months ended June 30, 2002 and 2001 is calculated as follows (in thousands, except per share data):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2002	2001	2002	2001
Numerator:				
Net income	\$ 61,000	\$ 58,100	\$115,900	\$107,700
Denominator:				
Denominator for basic earnings per share ..	165,976	170,259	167,035	170,723
Effect of dilutive securities-- Options to purchase common stock	1,542	1,177	1,249	891
Denominator for diluted earnings per share	167,518	171,436	168,284	171,614
Basic and diluted earnings per share	\$.36	\$.34	\$.69	\$.63
Antidilutive securities not included in the diluted earnings per share calculation:				
Options to purchase common stock	203	248	1,404	5,108
Weighted average exercise price	\$ 23.89	\$ 23.04	\$ 19.26	\$ 18.00

10. FUEL HEDGE

The Company's results of operations are impacted by changes in the price of diesel fuel. Because the market for derivatives in diesel fuel is limited, the Company has entered into heating oil option agreements to manage a portion of its exposure to fluctuations in diesel prices. The Company has minimized its credit risk by entering into such heating oil option agreements with a group of financial institutions having investment grade ratings. The Company's option agreements qualify for hedge accounting treatment under SFAS 133. In order to qualify for hedge accounting, certain criteria must be met including a requirement that both at inception of the hedge, and on an ongoing basis, the hedging relationship is expected to be highly effective in offsetting cash flows attributable to the hedged risk during the term of the hedge.

Under these option agreements, the Company receives or makes payments based on the difference between actual average heating oil prices and predetermined fixed prices. These option agreements provide the Company protection from fuel prices rising above a predetermined fixed price in the option agreements but also limit the Company's ability to benefit from price decreases below the predetermined fixed price in the option agreements.

In accordance with SFAS 133, to the extent the option agreements are effective in hedging changes in diesel fuel prices, unrealized gains and losses on these option agreements are recorded, net of tax, in stockholders' equity as a component of accumulated other comprehensive income. To the extent the change in the option agreements does not perfectly offset the change in value of diesel fuel purchases being hedged, SFAS 133 requires the ineffective portion of the hedge to immediately be recognized as other income or expense. The effectiveness of these option agreements as a hedge against future purchases of diesel fuel is periodically evaluated. If the option agreements were to become other than highly effective, gains and or losses would be recognized currently in income. Realized gains and losses on these option agreements are recognized as a component of fuel expense in the period in which the corresponding fuel is purchased.

During June 2001, the Company entered into option agreements for approximately 14.3 million gallons of heating oil. These option agreements settle each month in equal notional amounts through December 2002. The option agreements were structured as zero-cost collars indexed to the price of heating oil. The fair value of these option agreements at June 30, 2002 was determined by third parties to be a loss of approximately \$.3 million (\$.2 million, net of tax). In accordance with SFAS 133, \$1.4 million, representing the effective portion of the change in fair value for the six months ended June 30, 2002, net of tax, has been recorded in stockholders' equity as a component of accumulated other comprehensive income (loss). The ineffective portion of the change in fair value was a gain of approximately \$0 and \$.1 million for the three and six months ended June 30, 2002, and has been included in other income (expense), net in the accompanying Unaudited Condensed Consolidated Statements of Operations. Realized losses of \$.2 million and \$.8 million

related to these option agreements are included in cost of operations in the Company's Unaudited Condensed Consolidated Statements of Operations for the three and six months ended June 30, 2002, respectively.

11. COMMITMENTS AND CONTINGENCIES

LEGAL PROCEEDINGS

The Company is a party to various general legal proceedings which have arisen in the ordinary course of business. While the results of these matters cannot be predicted with certainty, the Company believes that losses, if any, resulting from the ultimate resolution of these matters will not have a material adverse effect on the Company's consolidated financial position, results of operations or cash flows. However, unfavorable resolution could affect the consolidated financial position, results of operations or cash flows for the quarterly periods in which they are resolved.

LEASE COMMITMENTS

The Company and its subsidiaries lease real property, equipment and software under various operating leases with terms from one to twenty-five years.

In December 1999, the Company entered into an operating lease facility established to finance the acquisition of operating equipment. As of June 30, 2002, \$73.7 million was outstanding under this facility. In July 2002, the Company retired this facility using its excess cash.

LIABILITY INSURANCE

The Company carries general liability, vehicle liability, employment practices liability, pollution liability, directors and officers liability, workers compensation and employer's liability coverage, as well as umbrella liability policies to provide excess coverage over the underlying limits contained in these primary policies. The Company also carries property insurance.

The Company's insurance programs for worker's compensation, general liability, vehicle liability and employee-related health care benefits are effectively self-insured. Claims in excess of self-insurance levels are fully insured. Accruals are based on claims filed and estimates of claims incurred but not reported.

The Company's liabilities for unpaid and incurred but not reported claims at June 30, 2002 were \$64.1 million and are included in other current and other liabilities in the accompanying Unaudited Condensed Consolidated Balance Sheets. While the ultimate amount of claims incurred is dependent on future developments, in management's opinion, recorded reserves are adequate to cover the future payment of claims. However, it is reasonably possible that recorded reserves may not be adequate to cover the future payment of claims. Adjustments, if any, to estimates recorded resulting from ultimate claim payments will be reflected in operations in the periods in which such adjustments are known.

OTHER MATTERS

In the normal course of business, the Company is required by regulatory agencies and municipalities to post performance bonds, letters of credit and/or cash deposits as a financial guarantee of the Company's performance. At June 30, 2002, letters of credit totaling \$288.8 million were outstanding and surety bonds totaling \$535.8 million were outstanding, which will expire on various dates through 2007. In addition, at June 30, 2002, the Company had \$147.5 million of restricted cash deposits held as financial guarantees as well as funds restricted for capital expenditures under certain debt facilities.

The Company's business activities are conducted in the context of a developing and changing statutory and regulatory framework. Governmental regulation of the waste management industry requires the Company to obtain and retain numerous governmental permits to conduct various aspects of its operations. These permits are subject to revocation, modification or denial. The costs and other capital expenditures which may be required to obtain or retain the applicable permits or comply with applicable regulations could

be significant. Any revocation, modification or denial of permits could have a material adverse effect on the Company.

Through the date of the Company's initial public offering in July 1998, the Company filed consolidated federal income tax returns with AutoNation, Inc. The Internal Revenue Service is auditing AutoNation's consolidated tax returns for fiscal years 1995 through 1999. In accordance with the Company's tax sharing agreement with AutoNation, the Company may be liable for certain assessments imposed by the Internal Revenue Service for the periods through June 1998, resulting from this audit. Management believes that the tax liabilities recorded are adequate. However, a significant assessment in excess of liabilities recorded against the Company could have a material adverse effect on the Company's financial position, results of operations or cash flows.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the Unaudited Condensed Consolidated Financial Statements and notes thereto included under Item 1. In addition, reference should be made to our audited Consolidated Financial Statements and notes thereto and related Management's Discussion and Analysis of Financial Condition and Results of Operations appearing in our Form 10-K for the year ended December 31, 2001.

OUR BUSINESS

We are a leading provider of non-hazardous solid waste collection and disposal services in the United States. We provide solid waste collection services for commercial, industrial, municipal and residential customers through 146 collection companies in 22 states. We also own or operate 91 transfer stations and 54 solid waste landfills.

We generate revenue primarily from our solid waste collection operations. Our remaining revenue is obtained from landfill disposal services and other services, including recycling, remediation and composting operations.

The following table reflects our total revenue by source for the three and six months ended June 30, 2002 and 2001 (in millions):

	Three Months Ended June 30,				Six Months Ended June 30,			
	2002		2001		2002		2001	
Collection:								
Residential	\$ 130.5	21.8%	\$ 117.8	20.5%	\$ 255.1	22.2%	\$ 230.9	20.8%
Commercial	174.6	29.2	172.2	29.9	345.7	30.1	340.8	30.7
Industrial	128.3	21.4	132.0	22.9	246.2	21.4	254.4	22.9
Other	13.6	2.3	11.7	2.0	25.7	2.2	23.0	2.0
Total collection ...	447.0	74.7	433.7	75.3	872.7	75.9	849.1	76.4
Transfer and disposal	221.6		200.7		408.7		375.9	
Less: Intercompany	(110.7)		(104.7)		(208.0)		(198.2)	
Transfer and disposal, net .	110.9	18.6	96.0	16.7	200.7	17.4	177.7	16.0
Other	40.3	6.7	46.3	8.0	76.7	6.7	84.6	7.6
Total revenue	\$ 598.2	100.0%	\$ 576.0	100.0%	\$1,150.1	100.0%	\$1,111.4	100.0%

Our revenue from collection operations consists of fees we receive from commercial, industrial, municipal and residential customers. Our residential and commercial collection operations in some markets are based on long-term contracts with municipalities. We generally provide industrial and commercial collection services to individual customers under contracts with terms up to three years. Our revenue from landfill operations is from disposal or tipping fees charged to third parties. In general, we integrate our recycling operations with our collection operations and obtain revenue from the sale of recyclable materials.

No one customer has individually accounted for more than 10% of our consolidated revenue in any of the periods presented.

The cost of our collection operations is primarily variable and includes disposal, labor, fuel and equipment maintenance costs. We seek operating efficiencies by controlling the movement of waste streams from the point of collection through disposal. During the three months ended June 30, 2002 and 2001, approximately 52% and 53%, respectively, of the total volume of waste we collected was disposed of at our landfills.

Our landfill cost of operations includes daily operating expenses, costs of capital for cell development, accruals for closure and post-closure costs, and the legal and administrative costs of ongoing environmental compliance. We expense all indirect landfill development costs as they are incurred. We use life cycle accounting and the units-of-consumption method to recognize certain direct landfill costs. In life cycle accounting, certain direct costs are capitalized or accrued and charged to expense based upon the consumption of cubic yards of available airspace. These costs include all costs to acquire, construct, close and maintain a site during the post-closure period.

Cost and airspace estimates are developed annually by independent engineers together with our engineers. These estimates are used by our operating and accounting personnel to annually adjust the rates used to expense capitalized costs and accrue closure and post-closure costs. Changes in these estimates primarily relate to changes in available airspace, inflation rates and applicable regulations. Changes in available airspace include changes due to the addition of airspace lying in expansion areas deemed likely to be permitted.

BUSINESS COMBINATIONS

We make decisions to acquire or invest in businesses based on financial and strategic considerations. We use the purchase method of accounting to account for business acquisitions.

We acquired various solid waste businesses during the six months ended June 30, 2002 and 2001. The aggregate purchase price we paid in these transactions was \$5.5 million and \$266.4 million in cash, respectively.

During the six months ended June 30, 2001, \$65.7 million of the total purchase price paid for acquisitions and contingent payments to former owners was allocated to landfill airspace. These allocations were based on the discounted expected future cash flow of each landfill relative to other assets within the acquired group, if applicable, and were adjusted for other non-depletable landfill assets and liabilities acquired (primarily closure and post-closure liabilities). Landfill purchase price is amortized using the units-of-consumption method over total available airspace, which includes likely to be permitted airspace.

See Note 4, Business Combinations, of the Notes to the Unaudited Condensed Consolidated Financial Statements, for further discussion of business combinations.

CONSOLIDATED RESULTS OF OPERATIONS

Net income was \$61.0 million for the three months ended June 30, 2002, or \$.36 per share, as compared to \$58.1 million, or \$.34 per share, for the three months ended June 30, 2001. Net income was \$115.9 million for the six months ended June 30, 2002 or \$.69 per share, as compared to \$107.7 million, or \$.63 per share, for the six months ended June 30, 2001.

In accordance with Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets," we ceased amortizing intangible assets with indefinite lives effective January 1, 2002. If SFAS 142 had been effective January 1, 2001, net income for the three and six months ended June 30, 2001 would have been \$64.2 million, or \$.38 per share, and \$119.8 million, or \$.70 per share, respectively.

The following table summarizes our costs and expenses in millions of dollars and as a percentage of our revenue for the three and six months ended June 30, 2002 and 2001:

	Three Months Ended June 30,				Six Months Ended June 30,			
	2002		2001		2002		2001	
Revenue	\$ 598.2	100.0%	\$ 576.0	100.0%	\$ 1,150.1	100.0%	\$ 1,111.4	100.0%
Expenses:								
Cost of operations	371.5	62.1	354.5	61.5	713.5	62.0	684.2	61.5
Depreciation, amortization and depletion of property and equipment	48.1	8.1	42.5	7.5	90.2	7.9	81.8	7.4
Amortization of intangible assets	1.3	.2	11.4	1.9	3.6	.3	22.4	2.0
Selling, general and administrative expenses	61.0	10.2	55.8	9.7	119.6	10.4	112.3	10.1
Operating income	\$ 116.3	19.4%	\$ 111.8	19.4%	\$ 223.2	19.4%	\$ 210.7	19.0%

Revenue was \$598.2 million and \$576.0 million for the three months ended June 30, 2002 and 2001, respectively, an increase of 3.9%. Revenue was \$1,150.1 million and \$1,111.4 million for the six months ended June 30, 2002 and 2001, respectively, an increase of 3.5%. The following table reflects the components of our revenue growth for the three and six months ended June 30, 2002 and 2001:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2002	2001	2002	2001
Price	1.7%	.4%	1.4%	.9%
Volume	1.3	4.0	.7	3.0
Total internal growth	3.0	4.4	2.1	3.9
Acquisitions .....	.9	3.6	1.4	3.5
Total revenue growth	3.9%	8.0%	3.5%	7.4%

Price growth for the three and six months ended June 30, 2002 was impacted by an increase in commodity prices. Excluding the positive effect of commodity prices, price growth was 1.3% for the three and six months ended June 30, 2002. In addition, non-core operations increased volume growth during the six months ended June 30, 2002. Non-core operations did not impact volume growth during the three months ended June 30, 2002. Excluding the positive impact of non-core operations, volume growth was .5% for the six months ended June 30, 2002. As such, adjusted internal growth for the three and six months ended June 30, 2002 was 2.6% and 1.8%, respectively.

Price growth for the three and six months ended June 30, 2001 was impacted by a decline in commodity prices. Excluding the negative effect of commodity prices, price growth was 2.0% and 2.1% for the three and six months ended June 30, 2001, respectively. In addition, non-core operations increased volume growth during three months ended June 30, 2001. Excluding the positive impact of non-core operations, volume growth was 3.0% and 2.5% for the three and six months ended June 30, 2001, respectively. As such, adjusted internal growth for the three and six months ended June 30, 2001 was 5.0% and 4.6%, respectively.

Cost of operations was \$371.5 and \$713.5 million for the three and six months ended June 30, 2002 versus \$354.5 and \$684.2 million for the comparable 2001 periods. The increase in aggregate dollars is primarily a result of the expansion of our operations through acquisitions and internal growth. Cost of operations as a percentage of revenue was 62.1% and 62.0% for the three and six months ended June 30, 2002 versus the 61.5% for the comparable 2001 periods. The increase in cost of operations as a percentage of revenue for the three and six months ended June 30, 2002 versus the comparable period last year is primarily a result of higher insurance costs and the economic slowdown partially offset by lower fuel prices and improved operating efficiencies.

Expenses for depreciation, amortization and depletion of property and equipment were \$48.1 and \$90.2 million for the three and six months ended June 30, 2002 versus \$42.5 and \$81.8 million for the comparable 2001 periods. Expenses for depreciation, amortization and depletion of property and equipment as a percentage of revenue were 8.1% and 7.9% for the three and six months ended June 30, 2002 versus 7.5% and 7.4% for the comparable 2001 periods. The increase in such expenses in aggregate dollars and as a percentage of revenue versus the comparable periods last year is primarily due to acquisitions and capital expenditures.

Expenses for amortization of intangible assets were \$1.3 and \$3.6 million for the three and six months ended June 30, 2002 versus \$11.4 and \$22.4 million for the comparable 2001 periods. Amortization of intangible assets as a percentage of revenue was .2% and .3% for the three and six months ended June 30, 2002 versus 1.9% and 2.0% for the comparable 2001 periods. The decrease in such expenses in aggregate dollars and as a percentage of revenue versus the comparable period last year is due to the adoption of Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets." In accordance with SFAS 142, we ceased amortizing intangible assets with indefinite lives effective January 1, 2002. If SFAS 142 had been effective January 1, 2001, amortization of intangible assets for the three and six months ended June 30, 2001 would have been \$1.4 and \$2.8 million, respectively.

Selling, general and administrative expenses were \$61.0 and \$119.6 million for the three and six months ended June 30, 2002 versus \$55.8 and \$112.3 million for the comparable 2001 periods. Selling, general and administrative expenses as a percentage of revenue were 10.2% and 10.4% for the three and six months ended June 30, 2002 versus 9.7% and 10.1% for the comparable 2001 periods. The increase in such expenses in aggregate dollars and as a percentage of revenue versus the comparable periods last year is primarily due to the addition of area and regional management during 2001 and various training and systems initiatives during 2002 and 2001.

INTEREST EXPENSE

Interest expense relates primarily to borrowings under our unsecured notes, revolving credit facility and tax-exempt bonds. Interest expense was \$19.2 and \$38.4 million for the three and six months ended June 30, 2002 versus \$19.6 and \$40.5 million for the comparable 2001 periods. The decrease in interest expense in aggregate dollars is due to lower average interest rates partially offset by higher average outstanding debt balances.

Capitalized interest was \$.6 and \$1.0 million for the three and six months ended June 30, 2002 versus \$.7 and \$1.1 million for the comparable 2001 periods.

INTEREST AND OTHER INCOME (EXPENSE), NET

Interest and other income, net of other expense, was \$1.3 and \$2.1 million for the three and six months ended June 30, 2002 versus \$1.5 and \$3.5 million for the comparable 2001 periods.

INCOME TAXES

The provision for income taxes was \$37.4 and \$71.0 million for the three and six months ended June 30, 2002 versus \$35.6 and \$66.0 million for the comparable 2001 periods. The effective income tax rate was 38.0% for the three and six months ended June 30, 2002 and 2001. Income taxes have been provided based upon our anticipated annual effective tax rate.

LANDFILL AND ENVIRONMENTAL MATTERS

AVAILABLE AIRSPACE

The following table reflects landfill airspace activity for landfills owned or operated by us for the six months ended June 30, 2002:

	Balance as of December 31, 2001	Expansions Undertaken	Permits Granted	Airspace Consumed	Changes in Engineering Estimates	Balance as of June 30, 2002
	-----	-----	-----	-----	-----	-----
Permitted airspace:						
Cubic yards (in millions)	1,329.0	.4	3.9	(16.5)	13.1	1,329.9
Number of sites	54					54
Expansion airspace:						
Cubic yards (in millions)	359.6	31.5	(3.9)	--	(2.1)	385.1
Number of sites	20	2	--	--	--	22
	-----	----	-----	-----	-----	-----
Total available airspace:						
Cubic yards (in millions)	1,688.6	31.9	--	(16.5)	11.0	1,715.0
	=====	====	=====	=====	=====	=====
Number of sites	54					54
	=====					=====

As of June 30, 2002, we owned or operated 54 solid waste landfills with total available disposal capacity estimated to be 1.7 billion in-place cubic yards. Total available disposal capacity represents the sum of estimated permitted airspace plus an estimate of airspace we have deemed likely to be permitted. These estimates are developed annually by independent engineers together with our engineers utilizing information provided by annual aerial surveys. As of June 30, 2002, total available disposal capacity is estimated to be 1.3 billion in-place cubic yards of permitted airspace plus .4 billion in-place cubic yards of expansion airspace which we have deemed likely to be permitted. Before airspace included in an expansion area is determined as likely to be permitted and, therefore, included in our calculation of total available disposal capacity, it must meet our expansion criteria. See Note 2, Landfill and Environmental Costs, of the Notes to our Unaudited Condensed Consolidated Financial Statements for further information.

As of June 30, 2002, 22 of our landfills meet the criteria for including expansion airspace in their total available disposal capacity. At projected annual volumes, these 22 landfills have an estimated remaining average site life of 32 years, including expansion airspace. The average estimated remaining life of all of our landfills is 33 years.

As of June 30, 2002, seven of our landfills that meet the criteria for including expansion airspace had obtained approval from local authorities and are proceeding into the state permitting process. Also, as of June 30, 2002, seven of our 22 landfills that meet the criteria for including expansion airspace had submitted permit applications to state authorities. The remaining eight landfills that meet the criteria for including expansion airspace are in the process of obtaining approval from local authorities and have not identified any fatal flaws or impediments associated with the expansions at either the local or state level.

We have never been denied an expansion permit for a landfill that included likely to be permitted airspace in its total available disposal capacity, although no assurance can be made that all future expansions will be permitted as designed.

CLOSURE AND POST-CLOSURE COSTS

The following table reflects our closure and post-closure expense per cubic yard of airspace consumed for the three and six months ended June 30, 2002 and 2001:

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	2002	2001	2002	2001
Closure and post-closure expense (in millions)	\$ 6.7	\$ 5.4	\$ 12.2	\$ 10.1
Cubic yards of airspace consumed (in millions)	8.9	8.4	16.5	15.9
Closure and post-closure expense per cubic yard	\$.75	\$.64	\$.74	\$.64

The increase in closure and post-closure expense per cubic yard from 2001 to 2002 is due primarily to the addition of two landfills during the second quarter of 2001 that have higher costs per cubic yard than the Company's average.

As of June 30, 2002, accrued closure and post-closure costs were \$249.0 million. The current portion of these costs of \$18.3 million is reflected in our Unaudited Condensed Consolidated Balance Sheets in other current liabilities. The long-term portion of these costs of \$230.7 million is reflected in our Unaudited Condensed Consolidated Balance Sheets in accrued environmental and landfill costs. As of June 30, 2002, assuming that all available landfill capacity is used, we expect to expense approximately \$539.6 million of additional closure and post-closure costs over the remaining lives of our facilities.

Our estimates for closure and post-closure costs do not take into account discounts for the present value of total estimated costs. If total estimated costs were discounted to present value, they would be lower.

INVESTMENT IN LANDFILLS

The following table reflects changes in our investments in landfills for the six months ended June 30, 2002 and the future expected investment as of June 30, 2002 (in millions):

	BALANCE AS OF DECEMBER 31, 2001	CAPITAL ADDITIONS	LANDFILLS ACQUIRED, NET OF DIVESTITURES	TRANSFERS AND ADJUSTMENTS	ADDITIONS CHARGED TO EXPENSE	BALANCE AS OF JUNE 30, 2002	EXPECTED FUTURE INVESTMENT	TOTAL EXPECTED INVESTMENT
Non-depletable								
landfill land	\$ 50.5	\$ 2.0	\$ --	\$ (.3)	\$ --	\$ 52.2	\$ --	\$ 52.2
Landfill development costs	958.8	8.9	.5	8.9	--	977.1	1,162.0	2,139.1
Construction in progress--landfill..	17.6	14.9	--	(8.7)	--	23.8	--	23.8
Accumulated depletion and amortization ...	(237.0)	--	--	.5	(31.8)	(268.3)	--	(268.3)
Net investment in landfill and land development costs..	\$ 789.9	\$ 25.8	\$.5	\$.4	\$ (31.8)	\$ 784.8	\$1,162.0	\$1,946.8

The following table reflects our net investment in our landfills, excluding non-depletable land, and our depletion and amortization expense for the six months ended June 30, 2002 and 2001:

	2002	2001
Number of landfills owned or operated	54	55
Net investment, excluding non-depletable land (in millions)	\$ 732.6	\$ 786.7
Total estimated available disposal capacity (in millions of cubic yards)	1,715.0	1,801.0
Net investment per cubic yard	\$.43	\$.44
Landfill depletion and amortization expense (in millions)	\$ 31.8	\$ 30.3
Airspace consumed (in millions of cubic yards)	16.5	15.9
Depletion and amortization per cubic yard of airspace consumed	\$ 1.93	\$ 1.91

As of June 30, 2002, we expect to spend an estimated additional \$1.2 billion on existing landfills, primarily related to cell construction and environmental structures, over their expected remaining lives. Our total expected gross investment, excluding non-depletable land, estimated to be \$1.9 billion, or \$1.10 per cubic yard, is used in determining our depletion and amortization expense based upon airspace consumed using the units-of-consumption method. Our estimates for expected future investment in landfills do not take into account discounts for the present value of total estimated costs. For further information, see "Closure and Post-Closure Costs."

We accrue costs related to environmental remediation activities through a charge to income in the period such liabilities become probable and can be reasonably estimated. No material amounts were charged to expense during the six months ended June 30, 2002 and 2001, respectively.

FINANCIAL CONDITION

At June 30, 2002, we had \$147.5 million of restricted cash, of which \$115.3 million related to proceeds from tax-exempt bonds and other tax-exempt financing that will be used to fund capital expenditures. At June 30, 2002, we had \$307.6 million of tax-exempt bonds and other tax-exempt financing outstanding at favorable interest rates.

In July 1998, we entered into a \$1.0 billion unsecured revolving credit facility with a group of banks. \$500.0 million of the credit facility was scheduled to expire in July 2002 and the remaining \$500.0 million was scheduled to expire in July 2003. Borrowings under the credit facility bear interest at LIBOR-based rates. We use our operating cash flow and proceeds from our credit facilities to finance our working capital, capital expenditures, acquisitions, share repurchases and other requirements. As a result of our strong

financial position and liquidity, in February 2002 we reduced the short- and long-term portions of our credit facility to \$300.0 million and \$450.0 million, respectively. As of June 30, 2002, we had \$461.2 million available under the credit facility.

In July 2002, we renewed the short- and long-term portions of our credit facility on substantially the same terms and conditions. The short-term portion of the facility expires in July 2003 and the long-term portion expires in July 2007.

In May 1999, we sold \$600.0 million of unsecured notes in the public market. \$225.0 million of these notes bear interest at 6 5/8% per annum and mature in 2004. The remaining \$375.0 million bear interest at 7 1/8% per annum and mature in 2009. Interest on these notes is payable semi-annually in May and November. The \$225.0 million and \$375.0 million in notes were offered at a discount of \$1.0 million and \$.5 million, respectively. Proceeds from the notes were used to repay our revolving credit facility.

In December 1999, we entered into an operating lease facility established to finance the acquisition of operating equipment. As of June 30, 2002, \$73.7 million was outstanding under this facility. In July 2002, we retired this facility using our excess cash.

In August 2001, we sold \$450.0 million of unsecured notes in the public market. The notes bear interest at 6 3/4% and mature in 2011. Interest on these notes is payable semi-annually in February and August. The notes were offered at a discount of \$2.6 million. Proceeds from the notes were used to repay our revolving credit facility.

In order to manage risk associated with fluctuations in interest rates and to take advantage of favorable floating interest rates, in September 2001 we entered into interest rate swap agreements with investment grade rated financial institutions. The swap agreements have a total notional value of \$225.0 million and require our company to pay interest at floating rates based upon changes in LIBOR and receive interest at a fixed rate of 6 5/8%. The swap agreements terminate in May 2004.

We believe that we have sufficient financial resources to meet our anticipated capital requirements and obligations as they come due. We believe that we would be able to raise additional debt or equity financing, if necessary, to fund special corporate needs or to complete acquisitions. However, we cannot assure you that we would be able to obtain additional financing under favorable terms or to extend the existing short-term credit facility on the same terms.

SELECTED BALANCE SHEET ACCOUNTS

The following table reflects the activity in our allowance for doubtful accounts, accrued closure and post-closure, accrued self-insurance and amounts due to former owners during the six months ended June 30, 2002 (in millions):

	ALLOWANCE FOR DOUBTFUL ACCOUNTS	CLOSURE AND POST-CLOSURE	SELF-INSURANCE	AMOUNTS DUE TO FORMER OWNERS
	-----	-----	-----	-----
Balance, December 31, 2001 ...	\$ 19.0	\$239.5	\$ 57.6	\$ 6.0
Additions charged to expense..	6.8	12.2	60.4	--
Additions due to acquisitions, net of divestiture	--	--	--	(.3)
Usage	(6.0)	(2.7)	(53.9)	(2.3)
	-----	-----	-----	-----
Balance, June 30, 2002	19.8	249.0	64.1	3.4
Current portion	19.8	18.3	44.9	3.4
	-----	-----	-----	-----
Long-term portion	\$ --	\$230.7	\$ 19.2	\$ --
	=====	=====	=====	=====

Additions to accrued liabilities related to acquisitions are periodically reviewed during the year subsequent to the acquisition. During such reviews, accrued liabilities, which are considered to be in excess of amounts required for a specific acquisition, are reversed and charged against goodwill (cost in excess of net fair value of assets acquired).

As of June 30, 2002, accounts receivable were \$246.0 million, net of allowance for doubtful accounts of \$19.8 million, resulting in days sales outstanding of 37, or 25 days net of deferred revenue.

PROPERTY AND EQUIPMENT

The following tables reflect the activity in our property and equipment accounts for the six months ended June 30, 2002 (in millions):

	GROSS PROPERTY AND EQUIPMENT					
	BALANCE AS OF DECEMBER 31, 2001	CAPITAL ADDITIONS	RETIREMENTS	ACQUISITIONS, NET OF DIVESTITURE	TRANSFERS AND ADJUSTMENTS	BALANCE AS OF JUNE 30,
Other land	\$ 94.3	\$ 3.5	\$ (2.0)	\$ (.5)	\$ (.7)	\$ 94.6
Non-depletable landfill land	50.5	2.0	--	--	(.3)	52.2
Landfill development costs .	958.8	9.0	--	.4	8.9	977.1
Vehicles and equipment	1,153.2	68.6	(12.2)	1.7	15.4	1,226.7
Buildings and improvements .	256.4	3.7	(1.4)	(1.8)	8.3	265.2
Construction in progress-- landfill	17.6	14.9	--	--	(8.7)	23.8
Construction in progress-- other	23.5	3.5	--	--	(24.8)	2.2
Total	\$2,554.3	\$ 105.2	\$ (15.6)	\$ (.2)	\$ (1.9)	\$2,641.8

	ACCUMULATED DEPRECIATION, AMORTIZATION AND DEPLETION					
	BALANCE AS OF DECEMBER 31, 2001	ADDITIONS CHARGED TO EXPENSE	RETIREMENT	DIVESTITURES	TRANSFERS AND ADJUSTMENTS	BALANCE AS OF JUNE 30,
Landfill development costs	\$(237.0)	\$(31.8)	\$ --	\$ --	\$.5	\$(268.3)
Vehicles and equipment	(495.7)	(53.8)	6.6	.8	1.4	(540.7)
Buildings and improvements	(46.7)	(4.6)	.3	--	--	(51.0)
Total	\$(779.4)	\$(90.2)	\$ 6.9	\$.8	\$ 1.9	\$(860.0)

LIQUIDITY AND CAPITAL RESOURCES

The major components of changes in cash flows for the six months ended June 30, 2002 and 2001 are discussed below.

CASH FLOWS FROM OPERATING ACTIVITIES. Cash provided by operating activities was \$287.0 million and \$223.8 million for the six months ended June 30, 2002 and 2001, respectively. The changes in cash provided by operating activities during the periods are due to expansion of our business and timing of payments for accounts payable and income taxes. We use cash flows from operations to fund capital expenditures, acquisitions, share repurchases and debt repayments.

CASH FLOWS USED IN INVESTING ACTIVITIES. Cash used in investing activities consists primarily of cash used for capital additions and business acquisitions in 2002 and 2001, and amounts due and contingent payments to former owners in 2001. Cash used to acquire businesses, net of cash acquired, was \$5.5 million and \$261.1 million during the six months ended June 30, 2002 and 2001, respectively.

We intend to finance capital expenditures and acquisitions through cash on hand, cash flow from operations, our revolving credit facility, tax-exempt bonds and other financings. We expect to use primarily cash for future business acquisitions.

CASH FLOWS PROVIDED BY (USED IN) FINANCING ACTIVITIES. Cash provided by (used in) financing activities for the six months ended June 30, 2002 and 2001 was \$(87.7) million and \$125.6 million, respectively.

In 2000, we announced that our Board of Directors authorized the repurchase of up to \$150.0 million of our common stock. In October 2001, we announced that our Board of Directors authorized the repurchase of up to an additional \$125.0 million of our common stock. As of June 30, 2002, we had repurchased 14,215,700 million shares of our stock for \$242.8 million, of which 5,002,100 million shares were acquired during the six months ended June 30, 2002

for \$92.7 million. In August 2002, we announced that our Board of Directors increased the share repurchase authorization previously announced in October 2001 from \$125.0 million to \$150.0 million. We intend to finance share repurchases from cash on hand, cash flow from operations, our revolving credit facility and other financings.

In December 1999, we entered into an operating lease facility established to finance the acquisition of operating equipment consisting primarily of revenue-producing vehicles. At June 30, 2002, \$73.7 million was outstanding under this facility. In July 2002, we retired this facility using our excess cash.

We used proceeds from bank facilities and tax-exempt bonds to fund acquisitions and capital additions.

We have received investment grade ratings from several credit rating agencies. As of June 30, 2002, our senior debt was rated Baa3 by Moody's, BBB by Standard & Poor's and BBB+ by Fitch.

As of June 30, 2002, we are in compliance with all financial and other covenants associated with our credit facilities.

SEASONALITY

Our operations can be adversely affected by periods of inclement weather which could delay the collection and disposal of waste, reduce the volume of waste generated, or delay the construction or expansion of our landfill sites and other facilities.

NEW ACCOUNTING PRONOUNCEMENTS

In July 2001, the Financial Accounting Standards Board issued Statement No. 143, "Accounting for Asset Retirement Obligations." This statement is effective for financial statements issued for fiscal years beginning after June 15, 2002, and will require our company to change the accounting methodology we currently use to record closure and post-closure liabilities related to our landfills. The more significant of these changes includes measuring all future obligations at fair value and discounting obligations to reflect today's dollars. This statement requires a cumulative effect approach to recognizing transition amounts for existing retirement obligations. We are currently evaluating the effect of adoption of this statement, and have not determined whether the impact of adoption will be material to our consolidated financial position or results of operations.

In July 2002, the Financial Accounting Standards Board issued Statement No. 146, "Accounting for Costs Associated with Exit or Disposal Activities." This statement changes certain aspects of financial accounting and reporting for costs associated with exit or disposal activities. This statement is effective for exit or disposal activities that are initiated after December 31, 2002. We do not expect the adoption of this statement to have a material effect on our consolidated financial position or results of operations.

DISCLOSURE REGARDING FORWARD LOOKING STATEMENTS

Certain statements and information included herein constitute "forward-looking statements" within the meaning of the Federal Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance, or achievements of our company to be materially different from any future results, performance, or achievements expressed or implied, in or by such forward-looking statements. Such factors include, among other things, whether our estimates and assumptions concerning our selected balance sheet accounts, closure and post-closure costs, available airspace, and projected costs and expenses related to our landfills and property and equipment, labor and fuel rates, and inflationary and general and economic trends turn out to be correct or appropriate, and various factors that will impact our actual business and financial performance such as: competition and demand for services in the solid waste industry; general economic conditions including but not limited to inflation, changes in fuel, labor and other variable costs and changes in commodity prices, which are generally not within our control; our ability to maintain our investment grade rating and to generate sufficient cash flow; our dependence on acquisitions for growth; our ability to manage growth; our dependence on large, long-term collection contracts; risk associated with undisclosed liabilities of acquired businesses; our dependence

on key personnel; compliance with and future changes in environmental regulations; our ability to obtain approval from regulatory agencies in connection with expansions at our landfills; our ability to purchase our common stock at prices that are accretive to earnings per share; the outcome of the IRS audit; and other risk factors and more detailed information contained in our Annual Report on Form 10-K and our other filings with the Securities and Exchange Commission.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our market sensitive financial instruments consist primarily of variable rate debt. Therefore, our major market risk exposure is changing interest rates in the United States and fluctuations in LIBOR. We manage interest rate risk through a combination of fixed and floating rate debt as well as interest rate swap agreements.

PART II. OTHER INFORMATION

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

On May 16, 2002, we held our annual stockholders meeting. The holders of 153,203,022 shares of common stock were present in person or represented by proxy at the meeting. At the meeting, our stockholders took the following actions:

Our stockholders elected the following persons to serve as our directors until the next annual meeting of stockholders or until their respective successors are duly elected and qualified:

DIRECTOR NOMINEE -----	VOTES CAST FOR -----	VOTES WITHHELD -----
H. Wayne Huizenga	150,779,519	2,423,503
Harris W. Hudson	150,832,548	2,370,474
James E. O'Connor	151,117,556	2,085,466
John W. Croghan	151,385,603	1,817,419
Ramon A. Rodriguez	151,373,240	1,829,782
Allan C. Sorenson	151,364,538	1,838,484

Our stockholders also approved and adopted our amended and restated 1998 Stock Incentive Plan (140,403,910 votes were cast for this matter, 11,928,504 votes were cast against this matter, there were 870,608 abstentions and there were no broker non-votes).

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits:

- 10.1 Amended and Restated 1998 Stock Incentive Plan.
- 99.1 Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 99.2 Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

(b) Reports on Form 8-K:

- (1) Form 8-K, dated and filed April 29, 2002, including a press release announcing the Company's operating results for the three months ended March 31, 2002.
- (2) Form 8-K, dated June 21, 2002 and filed June 24, 2002, announcing the dismissal of Arthur Andersen, LLP as the Company's independent public accountants, and the engagement of Ernst & Young, LLP as the Company's independent public accountants.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant, Republic Services, Inc., has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

REPUBLIC SERVICES, INC.

By: /s/ TOD C. HOLMES

Tod C. Holmes
Senior Vice President and
Chief Financial Officer
(Principal Financial Officer)

By: /s/ CHARLES F. SERIANNI

Charles F. Serianni
Chief Accounting Officer
(Principal Accounting Officer)

Date: August 9, 2002

EXHIBIT INDEX

EXHIBITS

- 10.1 Amended and Restated 1998 Stock Incentive Plan
- 99.1 Certification Pursuant to 18 U.S.C. Section 906 of the Sarbanes-Oxley Act of 2002.
- 99.2 Certification Pursuant to 18 U.S.C. Section 906 of the Sarbanes-Oxley Act of 2002.

REPUBLIC SERVICES, INC.
1998 STOCK INCENTIVE PLAN

(AS AMENDED AND RESTATED MARCH 6, 2002)

ARTICLE I
DEFINITIONS

For purposes of this Plan, the following terms shall have the following meanings:

1.01 AGREEMENT means a written agreement (including any amendment or supplement thereto) between the Company and a Participant specifying the terms and conditions of a Grant or an Award issued to such Participant.

1.02 AWARD means an award of Common Stock, Restricted Stock and/or Phantom Stock.

1.03 BOARD means the Board of Directors of the Company.

1.04 CHANGE OF CONTROL means any change in control of the Company of a nature which would be required to be reported (a) in response to Item 6(e) of Schedule 14A of Regulation 14A, as in effect on the date of this Agreement, promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), (b) in response to Item 1 of the Current Report on Form 8-K, as in effect on the date of this Agreement, promulgated under the Exchange Act, or (c) in any filing by the Company with the Securities and Exchange Commission; provided, however, that without limitation, a Change of Control of the Company shall be deemed to have occurred if:

(i) Any "person" (as such term is defined in Sections 13(d)(3) and Section 14(d)(3) of the Exchange Act), other than the Company, any majority-owned subsidiary of the Company, or any compensation plan of the Company or any majority-owned subsidiary of the Company, becomes the "beneficial owner" (as such term is defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the combined voting power of the Company;

(ii) During any period of three consecutive years during the term of this Agreement, the individuals who at the beginning of such period constitute the Board of Directors of the Company cease for any reason to constitute at least a majority of such Board of Directors, unless the election of each director who was not a director at the beginning of such period has been approved in advance by directors representing at least two-thirds of the directors then in office who were directors at the beginning of such period; or

(iii) The shareholders of the Company approve (1) a reorganization, merger, or consolidation with respect to which persons who were the shareholders of the Company immediately prior to such reorganization, merger, or consolidation do not immediately thereafter own more than 50% of the combined voting power entitled to vote generally in the election of the directors of the reorganized, merged or consolidated entity; (2) a liquidation or dissolution of the Company; or (3) the sale of all or substantially all of the assets of the Company or of a subsidiary of the Company that accounts for 30% of the

consolidated revenues of the Company, but not including a reorganization, merger or consolidation of the Company.

1.05 CHANGE OF CONTROL DATE is the date on which an event described in Section 1.04 occurs.

1.06 CODE means the Internal Revenue Code of 1986, as amended from time to time. References to the Code shall include the valid and binding governmental regulations, court decisions and other regulatory and judicial authority issued or rendered thereunder.

1.07 COMMISSION means the Securities and Exchange Commission or any successor agency.

1.08 COMMITTEE means the Compensation Committee of the Board.

1.09 COMMON STOCK means the Common Stock, par value \$.01 per share, of the Company.

1.10 COMPANY means Republic Services, Inc.

1.11 EFFECTIVE DATE means June 30, 1998.

1.12 EXCHANGE ACT means the Securities Exchange Act of 1934, as amended from time to time, and any successor thereto.

1.13 FAIR MARKET VALUE means, on any given date, the closing price of a share of Common Stock as reported on the New York Stock Exchange composite tape on such day or, if the Common Stock was not traded on the New York Stock Exchange on such day, then on the next preceding day that the Common Stock was traded on such exchange, all as reported by such source as the Committee may select.

1.14 GRANT means the grant of an Option and/or an SAR.

1.15 INCENTIVE STOCK OPTION means an Option which qualifies and is intended to qualify as an "incentive stock option" under Section 422 of the Code.

1.16 INITIAL VALUE means, with respect to an SAR, the Fair Market Value of one share of Common Stock on the date of grant, as set forth in an Agreement.

1.17 NON-QUALIFIED STOCK OPTION means an Option other than an Incentive Stock Option.

1.18 OPTION means a stock option that entitles the holder to purchase from the Company a stated number of shares of Common Stock at the price and on the conditions set forth in an Agreement.

1.19 OPTION PRICE means the price per share for Common Stock purchased on the exercise of an Option as provided in Article VI.

1.20 PARTICIPANT means an officer, director or employee of the Company or of a Subsidiary who satisfies the requirements of Article IV and is selected by the Committee to receive a Grant or an Award.

1.21 PHANTOM STOCK means a bookkeeping entry on behalf of a Participant by which his account is credited (but not funded) as though Common Stock had been transferred to such account.

1.22 PLAN means the Republic Services, Inc. 1998 Stock Incentive Plan, as amended from time to time.

1.23 RESTRICTED STOCK means shares of Common Stock awarded to a Participant under Article IX and designated as Restricted Stock. Shares of Common Stock shall cease to be Restricted Stock when, in accordance with the terms of the applicable Agreement, they become transferable and free of substantial risk of forfeiture.

1.24 RULE 16B-3 means Rule 16b-3, as promulgated by the Commission under Section 16(b) of the Exchange Act, as amended from time to time, or any successor rule.

1.25 SAR means a stock appreciation right granted pursuant to this Plan that entitles the holder to receive, with respect to each share of Common Stock encompassed by the exercise of such SAR, the excess of the Fair Market Value at the time of exercise over the Initial Value of the SAR; provided, that any limited stock appreciation right granted by the Committee and exercisable upon a Change of Control shall entitle the holder to receive, with respect to each share of Common Stock encompassed by the exercise of such SAR, the higher of (x) the highest sales price of a share of Common Stock as reported on the New York Stock Exchange composite tape during the 60-day period prior to and including the Change of Control Date, or (y) the highest price per share paid in a Change of Control transaction, except that in the case of SARs related to Incentive Stock Options, such price shall be based only on the Fair Market Value of the Common Stock on the date that the Incentive Stock Option is exercised.

1.26 SECURITIES BROKER means the registered securities broker acceptable to the Company who agrees to effect the cashless exercise of an Option pursuant to Section 8.05 hereof.

1.27 SUBSIDIARY means, with respect to any corporation, a "subsidiary corporation" of that corporation within the meaning of Code Section 424(f).

ARTICLE II PURPOSES

The Plan is intended to assist the Company in recruiting and retaining officers, directors, and key employees with ability and initiative by enabling such persons who contribute significantly to the Company or a Subsidiary to participate in its future success and to associate their interests with those of the Company and its shareholders. The Plan is intended to permit the award of Common Stock, Restricted Stock, and Phantom Stock, and the issuance of Options qualifying as Incentive Stock Options or Non-Qualified Stock Options as designated by the Committee at time of grant, and SARs. No Option that is intended to be an Incentive Stock Option however, shall be invalid for failure to qualify as an Incentive Stock Option under Section 422 of the Code but shall be treated as a Non-Qualified Stock Option.

ARTICLE III ADMINISTRATION

The Plan shall be administered by the Committee. The Committee shall have authority to issue Grants and Awards upon such terms (not inconsistent with the provisions of this Plan) as the Committee may consider appropriate. The terms of such Grants and Awards

may include conditions (in addition to those contained in this Plan) on (i) the exercisability of all or any part of an Option or SAR and (ii) the transferability or forfeitability of Restricted Stock or Phantom Stock. In addition, the Committee shall have complete authority to interpret all provisions of this Plan; to prescribe the form of Agreements; to adopt, amend, and rescind rules and regulations pertaining to the administration of the Plan; and to make all other determinations necessary or advisable for the administration of this Plan. To fulfill the purposes of the Plan without amending the Plan, the Committee may also modify any Grants or Awards issued to Participants who are nonresident aliens or employed outside of the United States to recognize differences in local law, tax policy or custom.

The express grant in the Plan of any specific power to the Committee shall not be construed as limiting any power or authority of the Committee. Any decision made, or action taken, by the Committee or in connection with the administration of this Plan shall be final and conclusive. All expenses of administering this Plan shall be borne by the Company.

ARTICLE IV ELIGIBILITY

4.01 GENERAL. Any officer, director or key employee of the Company or of any Subsidiary (including any corporation that becomes a Subsidiary of the Company after the adoption of this Plan) may receive one or more Awards or Grants, or any combination or type thereof. Employee and non-employee directors of the Company are eligible to participate in this Plan.

4.02 GRANTS AND AWARDS. The Committee will designate the individuals to whom Grants and/or Awards are to be made and will specify the number of shares of Common Stock subject to each such Grant or Award. An Option may be granted alone or in addition to other Grants and/or Awards under the Plan. The Committee shall have the authority to grant Incentive Stock Options, Non-Qualified Stock Options or both types of Options (in each case with or without a related SAR) to any Participant; provided, however, that Incentive Stock Options may be granted only to employees of the Company and its Subsidiaries. An SAR may be granted with or without a related Option. All Grants or Awards under this Plan shall be evidenced by Agreements which shall be subject to applicable provisions of this Plan and to such other provisions as the Committee may determine. No Participant may be granted Options that are Incentive Stock Options, or related SARs (under all plans of the Company and its Subsidiaries which provide for the grant of Incentive Stock Options) which are first exercisable in any calendar year for Common Stock having an aggregate Fair Market Value (determined as of the date an Option is granted) exceeding \$100,000 or such other amount as shall be specified in Code Section 422 and the rules and regulations thereunder from time to time.

The Committee may issue Awards and Grants under such conditions, restrictions and contingencies as it may deem appropriate. The performance goals that may be used by the Committee for such Awards or Grants to executive officers covered by IRC Section 162(m) shall consist of:

Revenue	Return on Equity
Net Income	Stockholder Return
Earnings Per Share	

Further, performance criteria may reflect absolute entity performance or a relative comparison of entity performance to the performance of a peer group of entities or other external measure of the selected performance criteria. Profit, earnings and revenues used for any performance goal measurement shall exclude: gains or losses on operating asset sales or dispositions; asset write-downs; litigation or claim judgments or settlements; accruals for historic environmental obligations; effect of changes in tax law or rate on deferred tax liabilities; accruals for reorganization and restructuring programs; uninsured catastrophic property losses; the cumulative effect of changes in accounting principles; and any extraordinary non-recurring items as described in Accounting Principles Board Opinion No. 30 and/or in management's discussion and analysis of financial condition and results of operation appearing in the Company's annual report to stockholders for the applicable year.

4.03 DESIGNATION OF OPTION AS AN INCENTIVE STOCK OPTION OR NON-QUALIFIED STOCK OPTION. The Committee will designate at the time an Option is granted whether the Option is to be treated as an Incentive Stock Option or a Non-Qualified Stock Option. In the absence, however, of any such designation, such Option shall be treated as a Non-Qualified Stock Option.

4.04 QUALIFICATION OF INCENTIVE STOCK OPTION UNDER SECTION 422 OF THE CODE. Anything in this Plan to the contrary notwithstanding, no term of this Plan relating to Incentive Stock Options shall be interpreted, amended or altered, nor shall any discretion or authority granted under the Plan be exercised so as to disqualify the Plan under Section 422 of the Code or, without the consent of the Participant so affected, to disqualify any Incentive Stock Option under such Section 422. No Option that is intended to be an Incentive Stock Option however, shall be invalid for failure to qualify as an Incentive Stock Option under Section 422 of the Code but shall be treated as a Non-Qualified Stock Option.

4.05 NON-EMPLOYEE DIRECTOR STOCK OPTIONS. Non-employee directors shall receive Grants of Non-Qualified Stock Options. These Grants shall consist of 50,000 shares of Common Stock upon election to the Board at a specific price equal to the closing price of the Common Stock on the date of election and subsequent annual Grants of 10,000 shares of Common Stock at an exercise price equal to the closing price of the Common Stock on the first full trading day following the public announcement of fourth quarter earnings of the prior year. Each option granted under this Section shall be immediately exercisable.

4.06 VESTING. The minimum vesting period for any Award or Grant shall be one year, except for Awards or Grants made in lieu of cash compensation, which may vest immediately. In addition, in its absolute discretion, the Committee may waive the one-year vesting requirement in instances of termination of employment or upon an extraordinary event.

ARTICLE V STOCK SUBJECT TO PLAN

5.01 MAXIMUM NUMBER OF SHARES TO BE AWARDED.

(a) Subject to the adjustment provisions of Article XI and the provisions of (i) and (ii) of this Article V, up to 27,000,000 shares of Common Stock may be issued under the Plan. In addition to such authorization, the following shares of Common Stock may be issued under the Plan:

(i) Shares of Common Stock that are forfeited under this Plan and shares of Common Stock that are not issued under this Plan because of (x) a payment of cash in lieu of shares of Common Stock, (y) the cancellation, termination or expiration of Grants and Awards, and/or (z) other similar events under this Plan shall be available for issuance under this Plan; and

(ii) If a Participant tenders (by physical delivery or attestation), or has withheld, shares of Common Stock in payment of all or part of the Option Price under an Option granted under this Plan or in satisfaction of withholding tax obligations thereunder, the shares of Common Stock so tendered by the Participant or so withheld shall become available for issuance under this Plan.

(b) Subject to the adjustment provisions of Article XI:

(i) Not more than 1,000,000 shares of Common Stock shall be issued under Awards to any one Participant in any year, and this limit shall be cumulative over the life of the Plan;

(ii) Not more than 5,000,000 shares, in the aggregate, of Common Stock shall be issued in Grants to any one Participant over the life of the Plan; and

(iii) Not more than 27,000,000 shares, in the aggregate, of Common Stock shall be issued in Grants of Incentive Stock Options to all Participants over the life of the Plan.

Subject to the foregoing provisions of this Article V, if a Grant or an Award may be paid only in shares of Common Stock, or in either cash or shares of Common Stock, the shares of Common Stock shall be deemed to be issued hereunder only when and to the extent that payment is actually made in shares of Common Stock. However, the Committee may authorize a cash payment under a Grant or an Award in lieu of shares of Common Stock if there are insufficient shares of Common Stock available for issuance under the Plan.

5.02 INDEPENDENT SARs. Upon the exercise of an SAR granted independently of an Option, the Company may deliver to the Participant authorized but previously unissued Common Stock, cash, or a combination thereof as provided in Section 8.03. The maximum aggregate number of shares of Common Stock that may be issued pursuant to SARs that are granted independently of Options is subject to the provisions of Section 5.01 hereof.

ARTICLE VI OPTION PRICE

The price per share for Common Stock purchased on the exercise of an Option shall be fixed by the Committee on the date of grant; provided, however, that the price per share shall not be less than the Fair Market Value on such date.

ARTICLE VII EXERCISE OF OPTIONS

7.01 MAXIMUM OPTION OR SAR PERIOD. The period in which an Option or SAR may be exercised shall be determined by the Committee on the date of grant; provided, however, that an Incentive Stock Option shall not be exercisable after the expiration of 10 years (or 5 years in the case of an Incentive Stock Option granted to a 10% shareholder as determined

under Section 422 of the Code) from the date the Incentive Stock Option was granted. The date upon which any Option or SAR granted by the Committee becomes exercisable may be accelerated by the Committee in its discretion. Subject to the terms hereof, the term of exercisability for any Option or SAR granted by the Committee may be extended by the Committee and may be made contingent upon the continued employment of the Participant by the Company or Subsidiary.

7.02 TRANSFERABILITY OF OPTIONS AND SARs. Non-Qualified Stock Options and SARs may be transferable by a Participant and exercisable by a person other than a Participant, but only to the extent specifically provided in an Option or SAR Agreement. Incentive Stock Options, by their terms, shall not be transferable except by will or by the laws of descent and distribution and shall be exercisable, during the Participant's lifetime, only by the Participant. No right or interest of a Participant in any Option or SAR shall be liable for, or subject to, any lien, obligation or liability of such Participant.

7.03 EMPLOYEE STATUS. For purposes of determining the applicability of Section 422 of the Code (relating to Incentive Stock Options), or in the event that the terms of any Grant provide that it may be exercised only during employment or within a specified period of time after termination of employment, the Committee may decide to what extent leaves of absence for governmental or military service, illness, temporary disability, or other reasons shall not be deemed interruptions of continuous employment.

ARTICLE VIII METHOD OF EXERCISE

8.01 EXERCISE. Subject to the provisions of Articles VII and XII, an Option or SAR may be exercised in whole at any time or in part from time to time at such times and in compliance with the applicable Agreement and such other requirements as the Committee shall determine; provided, however, that an SAR that is related to an Option may be exercised only to the extent that the related Option is exercisable and when the Fair Market Value exceeds the Option Price of the related Option. An Option or SAR granted under this Plan may be exercised with respect to any number of whole shares less than the full number for which the Option or SAR could be exercised. Such partial exercise of an Option or SAR shall not affect the right to exercise the Option or SAR from time to time in accordance with this Plan with respect to remaining shares subject to the Option or related SAR. The exercise of an Option shall result in the termination of the SAR to the extent of the number of shares with respect to which the Option is exercised.

8.02 PAYMENT. Unless otherwise provided by the Agreement, payment of the Option Price shall be made in cash. If the Agreement provides, payment of all or part of the Option Price (and any applicable withholding taxes) may be made by surrendering already owned shares of Common Stock to the Company (by physical delivery or attestation) or by the Company withholding shares of Common Stock from the Participant upon exercise, provided the shares surrendered or withheld have a Fair Market Value (determined as of the day preceding the date of exercise) that is not less than such price or part thereof and any such withholding taxes. In addition, the Committee may establish such payment or other terms as it may deem to be appropriate and consistent with these purposes.

8.03 DETERMINATION OF PAYMENT OF CASH AND/OR COMMON STOCK UPON EXERCISE OF SAR. At the Committee's discretion, the amount payable as a result of the exercise of an SAR may be settled in cash, Common Stock, or a combination of cash and Common Stock.

No fractional shares shall be delivered upon the exercise of an SAR but a cash payment will be made in lieu thereof.

8.04 SHAREHOLDER RIGHTS. No Participant shall have any rights as a shareholder with respect to shares subject to his Option or SAR until the date he exercises such Option.

8.05 CASHLESS EXERCISE. To the extent permitted under the applicable laws and regulations, at the request of the Participant and with the consent of the Committee, the Company agrees to cooperate in a "cashless exercise" of the Option. The cashless exercise shall be effected by the Participant delivering to the Securities Broker instructions to exercise all or part of the Option, including instructions to sell a sufficient number of shares of Common Stock to cover the costs and expenses associated therewith. The Committee may permit a Participant to elect to pay any applicable withholding taxes by requesting that the Company withhold the number of shares of Common Stock equivalent at current Fair Market Value to the withholding taxes due.

8.06 CASHING OUT OF OPTION. The Committee may elect to cash out all or part of the portion of any Option to be exercised by paying the optionee an amount, in cash or Common Stock, equal to the excess of the Fair Market Value of the Common Stock that is the subject of the portion of the Option to be exercised over the Option Price times the number of shares of Common Stock subject to the portion of the Option to be exercised on the effective date of such cash out.

ARTICLE IX
COMMON STOCK AND RESTRICTED STOCK

9.01 AWARD. In accordance with the provisions of Article IV, the Committee will designate the individuals to whom an Award of Common Stock and/or Restricted Stock is to be made and will specify the number of shares of Common Stock covered by such Award or Awards.

9.02 VESTING. In the case of Restricted Stock, on the date of the Award, the Committee may prescribe that the Participant's rights in the Restricted Stock shall be forfeitable or otherwise restricted in any manner in the discretion of the Committee for such period of time as is set forth in the Agreement. Subject to the provisions of Article XII hereof, the Committee may award Common Stock to a Participant which is not forfeitable and is free of any restrictions on transferability.

9.03 SHAREHOLDER RIGHTS. Prior to their forfeiture in accordance with the terms of the Agreement and while the shares are Restricted Stock, a Participant will have all rights of a shareholder with respect to Restricted Stock, including the right to receive dividends and vote the shares; provided, however, that (i) a Participant may not sell, transfer, pledge, exchange, hypothecate, or otherwise dispose of Restricted Stock, (ii) the Company shall retain custody of the certificates evidencing shares of Restricted Stock, and (iii) the Participant will deliver to the Company a stock power, endorsed in blank, with respect to each award of Restricted Stock.

ARTICLE X
PHANTOM STOCK

10.01 AWARD. Pursuant to this Plan or an Agreement establishing additional terms and conditions, the Committee may designate employees to whom Awards of Phantom Stock may be made and will specify the number of shares of Common Stock covered by the Award.

10.02 VESTING. On the date of the Award, the Committee may prescribe that the Participant's right to receive payment for Phantom Stock shall be forfeitable or otherwise restricted in any manner in the discretion of the Committee for such period of time set forth in the Agreement.

10.03 SHAREHOLDER RIGHTS. A Participant for whom Phantom Stock has been credited generally shall have none of the rights of a shareholder with respect to such Phantom Stock. However, a plan or Agreement for the use of Phantom Stock may provide for the crediting of a Participant's Phantom Stock account with cash or stock dividends declared with respect to Common Stock represented by such Phantom Stock.

10.04 PAYMENT. At the Committee's discretion, the amount payable to a Participant for Phantom Stock credited to his account shall be made in cash, Common Stock or a combination of cash and Common Stock.

10.05 TRANSFERABILITY OF PHANTOM STOCK. Phantom Stock may be transferable by a Participant, but only to the extent specifically provided in the Agreement. No right or interest of a Participant in any Phantom Stock shall be liable for, or subject to, any lien, obligation or liability of such Participant.

ARTICLE XI
ADJUSTMENT UPON CHANGE IN COMMON STOCK

Should the Company effect one or more (x) stock dividends, stock split-ups, subdivisions or consolidations of shares or other similar changes in capitalization; (y) spin-offs, spin-outs, split-ups, split-offs, or other such distribution of assets to shareholders; or (z) direct or indirect assumptions and/or conversions of outstanding Options due to an acquisition of the Company, then the maximum number of shares as to which Grants and Awards may be issued under this Plan shall be proportionately adjusted and their terms shall be adjusted as the Committee shall determine to be equitably required, provided that the number of shares subject to any Grant or Award shall always be a whole number. Any determination made under this Article XI by the Committee shall be final and conclusive.

The issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, for cash or property or for labor or services, either upon direct sale or upon the exercise of rights or warrants to subscribe therefor, or upon conversion of shares or obligations of the Company convertible into such shares or other securities, shall not affect, and no adjustment by reason thereof shall be made with respect to any Grant or Award.

ARTICLE XII
COMPLIANCE WITH LAW AND APPROVAL OF REGULATORY BODIES

No Grant shall be exercisable, no Common Stock shall be issued, no certificates for shares of Common Stock shall be delivered, and no payment shall be made under this Plan except in compliance with all applicable federal and state laws and regulations (including, without limitation, withholding tax requirements) and the rules of all domestic stock exchanges on which the Company's shares may be listed. The Company may rely on an opinion of its counsel as to such compliance. Any share certificate issued to evidence Common Stock for which a Grant is exercised or an Award is issued may bear such legends and statements as the Committee may deem advisable to assure compliance with federal and state laws and regulations. No Grant shall be exercisable, no Common Stock shall be issued, no certificate for shares shall be delivered, and no payment shall be made under this Plan until the Company has obtained such consent or approval as the Committee may deem advisable from regulatory bodies having jurisdiction over such matters.

ARTICLE XIII
GENERAL PROVISIONS

13.01 EFFECT ON EMPLOYMENT. Neither the adoption of this Plan, its operation, nor any documents describing or referring to this Plan (or any part thereof) shall confer upon any employee any right to continue in the employ of the Company or a Subsidiary or in any way affect any right and power of the Company or a Subsidiary to terminate the employment of any employee at any time with or without assigning a reason therefor.

13.02 UNFUNDED PLAN. The Plan, insofar as it provides for a Grant or an Award of Phantom Stock, is not required to be funded, and the Company shall not be required to segregate any assets that may at any time be represented by a Grant or an Award of Phantom Stock under this Plan.

13.03 CHANGE OF CONTROL. Notwithstanding any other provision of the Plan to the contrary, in the event of a Change of Control:

(i) Unless otherwise provided by the Committee in an Agreement, any outstanding Option, SAR (including any limited SAR) or Phantom Stock which is not presently exercisable and vested as of a Change of Control Date shall become fully exercisable and vested to the full extent of the original Grant upon such Change of Control Date.

(ii) Unless otherwise provided by the Committee in an Agreement, the restrictions applicable to any outstanding Restricted Stock shall lapse, and such Restricted Stock shall become free of all restrictions and become fully vested, nonforfeitable and transferable to the full extent of the original Award. The Committee may also provide in an Agreement that a Participant may elect, by written notice to the Company within 60 days after a Change of Control Date, to receive, in exchange for shares that were Restricted Stock immediately before the Change of Control Date, a cash payment equal to the Fair Market Value of the shares surrendered on the last business day the Common Stock is traded on the New York Stock Exchange prior to receipt by the Company of such written notice.

(iii) The Committee may, in its complete discretion, cause the acceleration or release of any and all restrictions or conditions related to a Grant or Award, in such

manner, in the case of officers and directors of the Company who are subject to Section 16(b) of the Exchange Act, as to conform to the provisions of Rule 16b-3.

13.04 RULES OF CONSTRUCTION. Headings are given to the articles and sections of this Plan solely for ease of reference and are not to be considered in construing the terms and conditions of the Plan. The reference to any statute, regulation, or other provision of law shall be construed to refer to any amendment to or successor of such provision of law.

13.05 RULE 16B-3 REQUIREMENTS. Notwithstanding any other provisions of the Plan, the Committee may impose such conditions on any Grant or Award, and the Board may amend the Plan in any such respects, as they may determine, on the advice of counsel, are necessary or desirable to satisfy the provisions of Rule 16b-3. Any provision of the Plan to the contrary notwithstanding, and except to the extent that the Committee determines otherwise: (a) transactions by and with respect to officers and directors of the Company who are subject to Section 16(b) of the Exchange Act shall comply with any applicable conditions of Rule 16b-3; and (b) every provision of the Plan shall be administered, interpreted and construed to carry out the foregoing provisions of this sentence.

13.06 AMENDMENT, MODIFICATION AND TERMINATION. At any time and from time to time, the Board may terminate, amend or modify the Plan. Such amendment or modification may be without shareholder approval, except to the extent that (a) such amendment (i) materially increases the aggregate number of shares of Common Stock that may be issued under the Plan, (ii) materially increases the benefits to Participants under the Plan, or (iii) materially changes the requirements for eligibility to participate in the Plan, or (b) such approval is required by the Code, pursuant to the rules under Section 16 of the Exchange Act, by any national securities exchange or system on which the Common Stock is then listed or reported, by any regulatory body having jurisdiction with respect thereto or under any other applicable laws, rules, or regulations. In addition, except as provided in Article XI, the Option Price of any outstanding Option may not be adjusted or amended, whether through amendment, cancellation or replacement, unless such adjustment or amendment is approved by the shareholders of the Company.

No termination, amendment, or modification of the Plan, other than pursuant to Section 13.05 herein, shall in any manner adversely affect any Grant or Award theretofore issued under the Plan, without the written consent of the Participant. The Committee may amend the terms of any Grant or Award theretofore issued under this Plan, prospectively or retrospectively, but no such amendment shall impair the rights of any Participant without the Participant's written consent except an amendment provided for or contemplated in the terms of the Grant or Award, an amendment made to cause the Plan, or Grant or Award, to qualify for the exemption provided by Rule 16b-3, or an amendment to make an adjustment under Article XI.

13.07 GOVERNING LAW. The validity, construction and effect of the Plan and any actions taken or related to the Plan shall be determined in accordance with the laws of the state of Delaware and applicable federal law.

13.08 SUCCESSORS AND ASSIGNS. All obligations of the Company under the Plan, with respect to Grants and Awards issued hereunder, shall be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation or otherwise, of all or substantially all of the business and/or assets of the Company. The Plan shall be binding on all successors and permitted assigns of a Participant, including, but not limited to, the estate of such Participant and the executor,

administrator or trustee of such estate, and the guardians or legal representative of the Participant.

13.09 EFFECT ON PRIOR PLAN AND OTHER COMPENSATION ARRANGEMENTS. The adoption of this Amended and Restated Plan shall have no effect on Grants and Awards made pursuant to the Plan prior to amendment and restatement and the Company's other compensation arrangements. Nothing contained in this Plan shall prevent the Company from adopting other or additional compensation plans or arrangements for its officers, directors or employees.

13.10 DURATION OF PLAN. No Grant or Award may be made under this Plan after June 30, 2008. Grants or Awards made prior to such date shall continue to vest and become exercisable according to their terms.

13.11 EFFECTIVE DATE. Options may be granted under this Plan, upon its adoption by the Board, provided that no Option will be effective unless and until this Plan is approved by the holders of a majority of the shares of the Company's outstanding voting stock present in person, or represented by proxy, and entitled to vote at a duly held meeting of the shareholders. No Option granted prior to the Effective Date may be exercised before the requisite shareholder approval is obtained.

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Republic Services, Inc., (the "Company") on Form 10-Q for the period ending June 30, 2002 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, James E. O'Connor, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to ss. 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ JAMES E. O'CONNOR

James E. O'Connor
President and Chief Executive Officer
August 9, 2002

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Republic Services, Inc., (the "Company") on Form 10-Q for the period ending June 30, 2002 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Tod C. Holmes Senior Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to ss. 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ TOD C. HOLMES

Tod C. Holmes
Senior Vice President and
Chief Financial Officer
August 9, 2002